

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

**Project Staff Report
Tax-Exempt Bond Project
December 8, 2021**

Southside Senior Housing, located at 1613-1639 West Manchester Avenue in Los Angeles, requested and is being recommended for a reservation of \$921,685 in annual federal tax credits and \$3,219,035 in total state tax credits to finance the new construction of 49 units of housing serving special needs tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by John Stanley Inc and will be located in Senate District 30 and Assembly District 59.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-21-771

Project Name Southside Senior Housing
Site Address: 1613-1639 West Manchester Avenue
Los Angeles, CA 90047 County: Los Angeles
Census Tract: 2381.00

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$921,685	\$3,219,035
Recommended:	\$921,685	\$3,219,035

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: John Stanley Inc
Contact: Saki Middleton
Address: 300 South Grand Avenue, 14th Floor
Los Angeles, CA 90071
Phone: 213-687-2327
Email: smiddleton@johnstanleyinc.com

General Partner(s) or Principal Owner(s): John Stanley Inc
Innovative Housing Opportunities, Inc.
Concerned Citizens Community Involvement

General Partner Type: Joint Venture
Parent Company(ies): John Stanley Inc
Innovative Housing Opportunities, Inc.
Concerned Citizens Community Involvement

Developer: John Stanley Inc
Bond Issuer: City of Los Angeles
Investor/Consultant: R4 Capital
Management Agent: Barker Management Inc

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 50
 No. / % of Low Income Units: 49 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt/HUD Section 8 Project-based Vouchers (36 units - 73%)

Information

Housing Type: Special Needs
 Geographic Area: City of Los Angeles
 TCAC Project Analyst: Sarah Gullikson

55-Year Use / Affordability

<u>Aggregate Targeting</u>		<u>Percentage of</u>
<u>Number of Units</u>		<u>Affordable Units</u>
30% AMI:	36	73%
60% AMI:	13	27%

Unit Mix

20 SRO/Studio Units
 30 1-Bedroom Units

 50 Total Units

<u>Unit Type</u>	<u>2021 Rents Targeted %</u>	<u>Proposed Rent</u>
<u>& Number</u>	<u>of Area Median Income</u>	<u>(including utilities)</u>
4 SRO/Studio	60%	\$1,242
16 SRO/Studio	30%	\$621
9 1 Bedroom	60%	\$1,330
20 1 Bedroom	30%	\$665
1 1 Bedroom	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$2,832,678
Construction Costs	\$15,411,008
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$818,233
Soft Cost Contingency	\$90,000
Relocation	\$0
Architectural/Engineering	\$1,485,000
Const. Interest, Perm. Financing	\$924,200
Legal Fees	\$175,000
Reserves	\$385,798
Other Costs	\$2,400,000
Developer Fee	\$2,500,000
Commercial Costs	\$2,916,980
Total	\$29,938,897

Residential

Construction Cost Per Square Foot:	\$541
Per Unit Cost:	\$540,438
True Cash Per Unit Cost*:	\$523,763

Construction Financing

Source	Amount
R4 Capital	\$15,120,422
LA HCID HHH	\$8,385,855
Southside Church Contribution	\$2,570,000
Deferred Developer Fee	\$1,231,344
Tax Credit Equity	\$2,631,276

Permanent Financing

Source	Amount
R4 Capital	\$6,600,000
LA HCID HHH	\$9,320,000
Southside Church Contribution	\$2,570,000
Deferred Developer Fee	\$923,793
Tax Credit Equity	\$10,525,104
TOTAL	\$29,938,897

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$23,042,119
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$23,042,119
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$921,685
Total State Credit:	\$3,219,035
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,500,000
Investor/Consultant:	R4 Capital
Federal Tax Credit Factor:	\$0.88000
State Tax Credit Factor:	\$0.75000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions

The applicant’s estimate of contractor profit, overhead and general requirement costs exceeds TCAC limit of 14%. The applicant is cautioned that at final review, prior to the issuance of the IRS 8609 forms, any costs or eligible basis that exceeds the limits will not be allowed.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.